

AMENDED IN SENATE AUGUST 30, 2016

AMENDED IN ASSEMBLY APRIL 14, 2016

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

## ASSEMBLY BILL

No. 1630

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**Introduced by Committee on Budget (Assembly Members Ting (Chair), ~~Travis Allen, Bigelow, Bloom, Bonta, Campos, Chávez, Chiu, Cooper, Gordon, Grove, Harper, Holden, Irwin, Kim, Lackey, McCarty, Melendez, Mullin, Nazarian, Obernolte, O'Donnell, Patterson, Rodriguez, Thurmond, Wilk, and Williams~~)**

January 7, 2016

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*An act relating to the ~~Budget Act of 2016~~; to amend Sections 19829.9845, 19829.9846, 20397, 20682, 22871.3, 22874.3, 22879, 22944.5, and 22958.1 of the Government Code, relating to state employment, and making an appropriation therefor, to take effect immediately, bill related to the budget.*

### LEGISLATIVE COUNSEL'S DIGEST

AB 1630, as amended, Committee on Budget. ~~Budget Act of 2016.~~  
*State employment.*

*(1) Existing law provides that a provision of a memorandum of understanding reached between the state employer and a recognized employee organization representing state civil service employees that requires the expenditure of funds does not become effective unless approved by the Legislature in the annual Budget Act.*

*This bill would approve provisions of a memorandum of understanding entered into between the state employer and State Bargaining Unit 2, California Attorneys, Administrative Law Judges and Hearing Officers in State Employment, that require the expenditure*

*of funds and would provide that these provisions will become effective even if these provisions are approved by the Legislature in legislation other than the annual Budget Act.*

*This bill would provide that provisions of the memorandum of understanding approved by this bill that require the expenditure of funds will not take effect unless funds for those provisions are specifically appropriated by the Legislature and would authorize the state employer and the affected employee organization to meet and confer to renegotiate the affected provisions if funds for those provisions are not specifically appropriated by the Legislature. The bill would appropriate \$32,558,000 in augmentation of certain items of the Budget Act of 2016, according to a specified schedule, for State Bargaining Unit 2 employee compensation for expenditure in the 2016–17 fiscal year. The bill would appropriate to the Controller from the General Fund, unallocated special funds, including federal funds and unallocated nongovernmental cost funds, and any other fund from which state employees are compensated, the amount necessary for the payment of compensation and employee benefits to state employees covered by the memorandum of understanding described above if the Budget Act is not enacted on or before July 1 in the 2017–18 or 2018–19 fiscal years, as specified.*

*(2) Existing law, the Public Employees' Retirement Law, creates the Public Employees' Retirement System (PERS) for the purpose of providing pension benefits to state employees and employees of contracting agencies and prescribes the rights and duties of members of the system and their beneficiaries. PERS provides a defined benefit to members of the program, based on final compensation, credited service, and age at retirement, subject to certain variations. Existing law prescribes the officers and employees of the Assembly and the Senate, including a sergeant at arms for each house. Existing law classifies the sergeants at arms of the houses as peace officers for purposes of making arrests and enforcing the law. Existing law creates different membership categories in PERS for the purpose of prescribing benefits and contributions, including the classification of state peace officer/firefighter member. Existing law generally includes the sergeants at arms of the Assembly and the Senate within the state peace officer/firefighter member classification, but excepts the chief sergeants at arms from this classification. Existing law provides that state peace officer/firefighter members of PERS pay greater rates of contribution and receive better benefits than miscellaneous members of the system.*

*Existing law creates the Public Employees' Retirement Fund as a trust fund to be expended only for purposes related to the system and its administration, as specified, and provides that the fund is continuously appropriated to these ends.*

*This bill would include the Chief Sergeant at Arms of the Assembly within the state peace officer/firefighter member classification. By increasing moneys deposited in a continuously appropriated fund, this bill would make an appropriation.*

*(3) Existing law creates the state miscellaneous and the state industrial membership categories in PERS. Existing law excepts certain employees from the definition of state employee for the purposes of collective bargaining regarding the terms and conditions of employment. Existing law prescribes the pension contribution percentages for state miscellaneous and state industrial members of PERS who are excepted from the definition of state employee for the purposes of collective bargaining and who are in job classifications that are related to State Bargaining Unit 2. In this regard, existing law prescribes a normal rate of pension contribution of 9% of compensation in excess of a specified amount for these employees whose service is not included in the federal social security system and 8% of compensation in excess of a specified amount for these employees whose service is included in the federal social security system.*

*This bill would increase the pension contribution percentages for state miscellaneous and state industrial members of PERS excepted from the definition of state employee and related to State Bargaining Unit 2, as described above, to 10% and 9%, as specified. By increasing moneys deposited in a continuously appropriated fund, this bill would make an appropriation.*

*(4) The Public Employees' Medical and Hospital Care Act (PEMHCA), which is administered by the Board of Administration of the Public Employees' Retirement System, prescribes methods for calculating the state employer contribution for postemployment health care benefits for eligible retired public employees and their families and for the vesting of these benefits. PEMHCA requires the employer contribution for an employee or annuitant who is in employment or retired from state service to be adjusted by the Legislature in the annual Budget Act, as specified. PEMHCA prescribes different ways of calculating the employer contributions for employees and annuitants depending on date of hire, years of service, and bargaining unit.*

*This bill, for state employees who are first employed and become members of the retirement system on or after January 1, 2017, and are represented by State Bargaining Unit 2, as specified, would limit the employer contribution for annuitants to 80% of the weighted average of the health benefit plan premiums for an active employee enrolled for self-alone, during the benefit year to which the formula is applied, for the 4 health benefit plans with the largest state civil service enrollment, as specified. The bill would similarly limit the employer contribution for an enrolled family member of an annuitant to 80% of the weighted average of the additional premiums required for enrollment of those family members during the benefit year to which the formula is applied and would provide the same limit on employer contributions for annuitants enrolled in Medicare health benefit plans.*

*(5) PEMHCA requires state employees to have a specified number of years of state service, depending on hiring date and other factors, before they may receive any portion of the employer contribution payable for annuitants for postretirement health benefits and increases the percentage they may receive based upon additional years of service.*

*This bill would prohibit state employees who are first employed and become members of the retirement system on or after January 1, 2017, and are represented by State Bargaining Unit 2, as specified, from receiving any portion of the employer contribution payable for annuitants unless the person is credited with at least 15 years of state service at the time of retirement. The bill would prescribe the percentage of the employer contribution payable for postretirement health benefits for these employees based on the number of completed years of credited state service at retirement, with 50% after 15 credited years of service and 100% after 25 or more years of service.*

*(6) PEMHCA generally requires that an employee or annuitant who is enrolled in, or whose family member is enrolled in, a Medicare health benefit plan be paid the amount of the Medicare Part B premiums, as specified, and prohibits this payment from exceeding the difference between the maximum employer contribution and the amount contributed by the employer toward the cost of premiums for the health benefit plan in which the employee or annuitant and his or her family members are enrolled. Existing law excepts from this requirement state employees who are first employed and become members of the retirement system on or after specified dates and are represented by specified state bargaining units.*

*This bill would also except from the requirement described above state employees who are first employed and become members of the retirement system on or after January 1, 2017, and are represented by State Bargaining Unit 2, as specified.*

*(7) PEMHCA establishes the Public Employees' Contingency Reserve Fund for the purpose of funding health benefits and funding administrative expenses. PEMHCA establishes the Annuitants' Health Care Coverage Fund, which is continuously appropriated, for the purpose of prefunding health care coverage for annuitants, including administrative costs. PEMHCA defines "prefunding" for these purposes. Existing law requires the state and employees of State Bargaining Unit 9, 10, or 12 to prefund retiree health care with the goal of reaching a 50% cost sharing of normal costs by July 1, 2019, and prescribes schedules of contribution percentages in this regard.*

*This bill would require the state and employees of State Bargaining Unit 2 to prefund retiree health care with the goal of reaching a 50% cost sharing of normal costs by July 1, 2019, and would prescribe a schedule of contribution percentages in this regard, with the contributions to be deposited in the Annuitants' Health Care Coverage Fund. By depositing new revenue in a continuously appropriated fund, this bill would make an appropriation.*

*(8) Existing law, the State Employees' Dental Care Act, authorizes the state to enter into contracts, upon negotiations with employee organizations, with carriers for dental care plans for employees, annuitants, and eligible family members. Existing law permits these plans to include premiums to be paid by employees and annuitants and also authorizes the plans to be self-funded if an employer determines it to be cost effective. Existing law prohibits specified employees from receiving an employer contribution for these benefits for annuitants unless the person is credited with 10 or more years of state service or for other specified employees unless the person is credited with 15 or more years of state service.*

*This bill would prohibit state employees, as specified, who are first employed and become members of the retirement system on or after January 1, 2017, and are represented by State Bargaining Unit 2 from receiving an employer contribution for dental benefits, as described above, for annuitants unless the person is credited with 15 or more years of state service. The bill would prescribe the percentage of the employer contribution payable for these dental benefits for these employees based on the number of completed years of credited state*

service at retirement, with 50% after 15 credited years of service and 100% after 25 or more years of service.

(9) This bill would incorporate additional changes to Sections 19829.9845, 19829.9846, 22871.3, 22874.3, 22879, 22944.5, and 22958.1 of the Government Code, proposed by AB 1627, that would become operative only if AB 1627 and this bill are both chaptered and become effective on or before January 1, 2017, and this bill is chaptered last.

(10) This bill would declare that it is to take effect immediately as a bill providing for appropriations related to the Budget Bill.

~~This bill would express the intent of the Legislature to enact statutory changes relating to the Budget Act of 2016.~~

Vote: majority. Appropriation: ~~no~~ yes. Fiscal committee: ~~no~~ yes. State-mandated local program: no.

*The people of the State of California do enact as follows:*

1     SECTION 1. The Legislature finds and declares that a purpose  
2 of this act is to approve the agreement entered into by the state  
3 employer and State Bargaining Unit 2 pursuant to Section 3517.5  
4 of the Government Code.

5     SEC. 2. The provisions of the memorandum of understanding  
6 prepared pursuant to Section 3517.5 of the Government Code and  
7 entered into by the state employer and State Bargaining Unit 2,  
8 dated August 19, 2016, and that require the expenditure of funds,  
9 are hereby approved for the purposes of subdivision (b) of Section  
10 3517.6 of the Government Code.

11     SEC. 3. The provisions of the memorandum of understanding  
12 approved in Section 2 of this act that require the expenditure of  
13 funds shall not take effect unless funds for these provisions are  
14 specifically appropriated by the Legislature. If funds for these  
15 provisions are not specifically appropriated by the Legislature,  
16 either the state employer or the affected employee organization  
17 may reopen negotiations on all or part of the memorandum of  
18 understanding.

19     SEC. 4. Notwithstanding Section 3517.6 of the Government  
20 Code, the provisions of the memorandum of understanding included  
21 in Section 2 of this act that require the expenditure of funds shall  
22 become effective even if the provisions of the memorandum of

1 *understanding are approved by the Legislature in legislation other*  
2 *than the annual Budget Act.*

3 *SEC. 5. The sum of thirty-two million five hundred fifty-eight*  
4 *thousand dollars (\$32,558,000) is hereby appropriated for State*  
5 *Bargaining Unit 2 for expenditure in the 2016–17 fiscal year in*  
6 *augmentation of, and for the purpose of, state employee*  
7 *compensation, as provided in Items 9800-001-0001,*  
8 *9800-001-0494, and 9800-001-0988 of Section 2.00 of the Budget*  
9 *Act of 2016, in accordance with the following schedule:*

10 *(a) Nine million four hundred thirty-two thousand dollars*  
11 *(\$9,432,000) from the General Fund in augmentation of Item*  
12 *9800-001-0001.*

13 *(b) Fifteen million four hundred ninety-four thousand dollars*  
14 *(\$15,494,000) from unallocated special funds in augmentation of*  
15 *Item 9800-001-0494.*

16 *(c) Seven million six hundred thirty-two thousand dollars*  
17 *(\$7,632,000) from other unallocated nongovernmental cost funds*  
18 *in augmentation of Item 9800-001-0988.*

19 *SEC. 6. Section 19829.9845 of the Government Code is*  
20 *amended to read:*

21 *19829.9845. (a) Notwithstanding Section 13340, for the*  
22 *2017–18 fiscal year, if the Budget Act of 2017 is not enacted by*  
23 *July 1, 2017, for the ~~memorandum~~ memoranda of understanding*  
24 *entered into between the state employer and State Bargaining Unit*  
25 *2 (effective July 1, 2016, to July 1, 2019, inclusive) and State*  
26 *Bargaining Unit 12 (effective July 1, 2015, to July 1, 2019,*  
27 *inclusive) there is hereby continuously appropriated to the*  
28 *Controller from the General Fund, unallocated special funds,*  
29 *including, but not limited to, federal funds and unallocated*  
30 *nongovernmental cost funds, and any other fund from which state*  
31 *employees are compensated, the amount necessary for the payment*  
32 *of compensation and employee benefits to state employees covered*  
33 *by the above ~~memorandum~~ memoranda of understanding until the*  
34 *Budget Act of 2017 is enacted. The Controller may expend an*  
35 *amount no greater than necessary to enable the Controller to*  
36 *compensate state employees covered by the above ~~memorandum~~*  
37 *memoranda of understanding for work performed between July*  
38 *1, 2017, of the 2017–18 fiscal year and the enactment of the Budget*  
39 *Act of 2017.*

(b) If the ~~memorandum~~ *memoranda* of understanding entered into between the state employer and *State Bargaining Unit 2 (effective July 1, 2016, to July 1, 2019, inclusive)* and *State Bargaining Unit 12 (effective July 1, 2015, to July 1, 2019, inclusive)* is ~~are~~ in effect and approved by the Legislature, the compensation and contribution for employee benefits for state employees represented by ~~this~~ *these* bargaining ~~unit~~ *units* shall be at a rate consistent with the applicable memorandum of understanding referenced above.

(c) Expenditures related to any warrant drawn pursuant to subdivision (a) are not augmentations to the expenditure authority of a department. Upon the enactment of the Budget Act of 2017, these expenditures shall be subsumed by the expenditure authority approved in the Budget Act of 2017 for each affected department.

(d) This section shall only apply to an employee covered by the term of the *State Bargaining Unit 2 (effective July 1, 2016, to July 1, 2019, inclusive)* or *State Bargaining Unit 12 (effective July 1, 2015, to July 1, 2019, inclusive)* memorandum of understanding. Notwithstanding Section 3517.8, this section shall not apply after the ~~term~~ *terms* of the ~~memorandum~~ *memoranda* of understanding ~~has~~ *have* expired. For purposes of this section, the ~~memorandum~~ *memoranda* of understanding for *State Bargaining Unit 2 and State Bargaining Unit 12* ~~expires~~ *expire* on July 1, 2019.

SEC. 6.5. Section 19829.9845 of the Government Code is amended to read:

19829.9845. (a) Notwithstanding Section 13340, for the 2017–18 fiscal year, if the Budget Act of 2017 is not enacted by July 1, 2017, for the ~~memorandum~~ *memoranda* of understanding entered into between the state employer and *State Bargaining Unit 2 (effective July 1, 2016, to July 1, 2019, inclusive)*, *State Bargaining Unit 7 (effective July 2, 2016, to July 1, 2019, inclusive)*, and *State Bargaining Unit 12 (effective July 1, 2015, to July 1, 2019, inclusive)* there is hereby continuously appropriated to the Controller from the General Fund, unallocated special funds, including, but not limited to, federal funds and unallocated nongovernmental cost funds, and any other fund from which state employees are compensated, the amount necessary for the payment of compensation and employee benefits to state employees covered by the above ~~memorandum~~ *memoranda* of understanding until the Budget Act of 2017 is enacted. The Controller may expend an



1 amount no greater than necessary to enable the Controller to  
2 compensate state employees covered by the above ~~memorandum~~  
3 *memoranda* of understanding for work performed between July  
4 1, 2017, of the 2017–18 fiscal year and the enactment of the Budget  
5 Act of 2017.

6 (b) If the ~~memorandum~~ *memoranda* of understanding entered  
7 into between the state employer and *State Bargaining Unit 2*  
8 *(effective July 1, 2016, to July 1, 2019, inclusive)*, *State Bargaining*  
9 *Unit 7 (effective July 2, 2016, to July 1, 2019, inclusive)*, and *State*  
10 *Bargaining Unit 12 (effective July 1, 2015, to July 1, 2019,*  
11 *inclusive)*—*is are* in effect and approved by the Legislature, the  
12 compensation and contribution for employee benefits for state  
13 employees represented by ~~this~~ *these* bargaining ~~unit~~ *units* shall be  
14 at a rate consistent with the applicable memorandum of  
15 understanding referenced above.

16 (c) Expenditures related to any warrant drawn pursuant to  
17 subdivision (a) are not augmentations to the expenditure authority  
18 of a department. Upon the enactment of the Budget Act of 2017,  
19 these expenditures shall be subsumed by the expenditure authority  
20 approved in the Budget Act of 2017 for each affected department.

21 (d) This section shall only apply to an employee covered by the  
22 term of the *State Bargaining Unit 2 (effective July 1, 2016, to July*  
23 *1, 2019, inclusive)*, *State Bargaining Unit 7 (effective July 2, 2016,*  
24 *to July 1, 2019, inclusive)*, or *State Bargaining Unit 12 (effective*  
25 *July 1, 2015, to July 1, 2019, inclusive)* memorandum of  
26 understanding. Notwithstanding Section 3517.8, this section shall  
27 not apply after the ~~term~~ *terms* of the ~~memorandum~~ *memoranda* of  
28 understanding ~~has~~ *have* expired. For purposes of this section, the  
29 ~~memorandum~~ *memoranda* of understanding for *State Bargaining*  
30 *Unit 2, State Bargaining Unit 7, and State Bargaining Unit 12*  
31 ~~expires~~ *expire* on July 1, 2019.

32 *SEC. 7. Section 19829.9846 of the Government Code is*  
33 *amended to read:*

34 19829.9846. (a) Notwithstanding Section 13340, for the  
35 2018–19 fiscal year, if the Budget Act of 2018 is not enacted by  
36 July 1, 2018, for the ~~memorandum~~ *memoranda* of understanding  
37 entered into between the state employer and *State Bargaining Unit*  
38 *2 (effective July 1, 2016, to July 1, 2019, inclusive)* and *State*  
39 *Bargaining Unit 12 (effective July 1, 2015, to July 1, 2019,*  
40 *inclusive)* there is hereby continuously appropriated to the

1 Controller from the General Fund, unallocated special funds,  
2 including, but not limited to, federal funds and unallocated  
3 nongovernmental cost funds, and any other fund from which state  
4 employees are compensated, the amount necessary for the payment  
5 of compensation and employee benefits to state employees covered  
6 by the above ~~memorandum~~ *memoranda* of understanding until the  
7 Budget Act of 2018 is enacted. The Controller may expend an  
8 amount no greater than necessary to enable the Controller to  
9 compensate state employees covered by the above ~~memorandum~~  
10 *memoranda* of understanding for work performed between July  
11 1, 2018, of the 2018–19 fiscal year and the enactment of the Budget  
12 Act of 2018.

13 (b) If the ~~memorandum~~ *memoranda* of understanding entered  
14 into between the state employer and *State Bargaining Unit 2*  
15 (*effective July 1, 2016, to July 1, 2019, inclusive*) and State  
16 Bargaining Unit 12 (effective July 1, 2015, to July 1, 2019,  
17 inclusive) ~~is~~ *are* in effect and approved by the Legislature, the  
18 compensation and contribution for employee benefits for state  
19 employees represented by ~~this~~ *these* bargaining ~~unit~~ *units* shall be  
20 at a rate consistent with the applicable memorandum of  
21 understanding referenced above.

22 (c) Expenditures related to any warrant drawn pursuant to  
23 subdivision (a) are not augmentations to the expenditure authority  
24 of a department. Upon the enactment of the Budget Act of 2018,  
25 these expenditures shall be subsumed by the expenditure authority  
26 approved in the Budget Act of 2018 for each affected department.

27 (d) This section shall only apply to an employee covered by the  
28 term of the *State Bargaining Unit 2 (effective July 1, 2016, to July*  
29 *1, 2019, inclusive)* or State Bargaining Unit 12 (effective July 1,  
30 2015, to July 1, 2019, inclusive) memorandum of understanding.  
31 Notwithstanding Section 3517.8, this section shall not apply after  
32 the ~~term~~ *terms* of the ~~memorandum~~ *memoranda* of understanding  
33 ~~has~~ *have* expired. For purposes of this section, the ~~memorandum~~  
34 *memoranda* of understanding for *State Bargaining Unit 2 and*  
35 *State Bargaining Unit 12* ~~expires~~ *expire* on July 1, 2019.

36 SEC. 7.5. Section 19829.9846 of the Government Code is  
37 amended to read:

38 19829.9846. (a) Notwithstanding Section 13340, for the  
39 2018–19 fiscal year, if the Budget Act of 2018 is not enacted by  
40 July 1, 2018, for the ~~memorandum~~ *memoranda* of understanding

entered into between the state employer and *State Bargaining Unit 2* (effective July 1, 2016, to July 1, 2019, inclusive), *State Bargaining Unit 7* (effective July 2, 2016, to July 1, 2019, inclusive), and *State Bargaining Unit 12* (effective July 1, 2015, to July 1, 2019, inclusive) there is hereby continuously appropriated to the Controller from the General Fund, unallocated special funds, including, but not limited to, federal funds and unallocated nongovernmental cost funds, and any other fund from which state employees are compensated, the amount necessary for the payment of compensation and employee benefits to state employees covered by the above ~~memorandum~~ *memoranda* of understanding until the Budget Act of 2018 is enacted. The Controller may expend an amount no greater than necessary to enable the Controller to compensate state employees covered by the above ~~memorandum~~ *memoranda* of understanding for work performed between July 1, 2018, of the 2018–19 fiscal year and the enactment of the Budget Act of 2018.

(b) If the ~~memorandum~~ *memoranda* of understanding entered into between the state employer and *State Bargaining Unit 2* (effective July 1, 2016, to July 1, 2019, inclusive), *State Bargaining Unit 7* (effective July 2, 2016, to July 1, 2019, inclusive), and *State Bargaining Unit 12* (effective July 1, 2015, to July 1, 2019, inclusive) ~~is~~ *are* in effect and approved by the Legislature, the compensation and contribution for employee benefits for state employees represented by ~~this~~ *these* bargaining ~~unit~~ *units* shall be at a rate consistent with the applicable memorandum of understanding referenced above.

(c) Expenditures related to any warrant drawn pursuant to subdivision (a) are not augmentations to the expenditure authority of a department. Upon the enactment of the Budget Act of 2018, these expenditures shall be subsumed by the expenditure authority approved in the Budget Act of 2018 for each affected department.

(d) This section shall only apply to an employee covered by the term of the *State Bargaining Unit 2* (effective July 1, 2016, to July 1, 2019, inclusive), *State Bargaining Unit 7* (effective July 2, 2016, to July 1, 2019, inclusive), or *State Bargaining Unit 12* (effective July 1, 2015, to July 1, 2019, inclusive) memorandum of understanding. Notwithstanding Section 3517.8, this section shall not apply after the ~~term~~ *terms* of the ~~memorandum~~ *memoranda* of understanding ~~has~~ *have* expired. For purposes of this section, the

1 ~~memorandum~~ *memoranda* of understanding for *State Bargaining*  
2 *Unit 2, State Bargaining Unit 7, and State Bargaining Unit 12*  
3 ~~expires~~ *expire* on July 1, 2019.

4 SEC. 8. *Section 20397 of the Government Code is amended to*  
5 *read:*

6 20397. “State peace officer/firefighter member” also includes:

7 (a) The Sergeants-at-Arms of each house of the Legislature who  
8 have been designated as peace officers in subdivision (a) of Section  
9 830.36 of the Penal Code, excluding the ~~Chief Sergeant-at-Arms.~~  
10 *Sergeant-at-Arms of the Senate.*

11 (b) Bailiffs and security coordinators of the judicial branch who  
12 have been designated as peace officers in subdivision (b) of Section  
13 830.36 of the Penal Code.

14 A member who is reclassified from state miscellaneous to state  
15 peace officer/firefighter pursuant to this section may make an  
16 irrevocable election in writing to remain subject to the  
17 miscellaneous service retirement benefit and the normal rate of  
18 contribution by filing a notice of the election with the board within  
19 90 days of notification by the board. A member who so elects shall  
20 be subject to the reduced benefit factors specified in Section 21353  
21 or 21354.1, as applicable, only for service included in the federal  
22 system.

23 SEC. 9. *Section 20682 of the Government Code is amended to*  
24 *read:*

25 20682. Notwithstanding Sections 20677.4, 20677.5, 20677.6,  
26 20677.9, 20683, 20683.1, 20686, and 20687, effective with the  
27 beginning of the pay period following enactment of this section,  
28 the normal rate of contribution for a state employee who is  
29 excepted from the definition of “state employee” in subdivision  
30 (c) of Section 3513, and an officer or employee of the executive  
31 branch of state government who is not a member of the civil service  
32 shall be the following:

33 (a) For state miscellaneous or state industrial members:

34 (1) Nine percent of the compensation in excess of three hundred  
35 seventeen dollars (\$317) per month paid to a member whose service  
36 is not included in the federal system.

37 (2) Eight percent of compensation in excess of five hundred  
38 thirteen dollars (\$513) per month paid to that member whose  
39 service has been included in the federal system.

1 (b) ~~For~~ *Effective with the beginning of the October 2016 pay*  
2 *period, for* state miscellaneous or state industrial members who  
3 are excepted from the definition of “state employee” in subdivision  
4 (c) of Section 3513 and related to State Bargaining Unit 2:

5 (1) ~~Nine~~ *Ten* percent of the compensation in excess of three  
6 hundred seventeen dollars (\$317) per month paid to a member  
7 whose service is not included in the federal system.

8 (2) ~~Eight~~ *Nine* percent of compensation in excess of five hundred  
9 thirteen dollars (\$513) per month paid to that member whose  
10 service has been included in the federal system.

11 (c) State safety members shall be 9 percent of compensation in  
12 excess of three hundred seventeen dollars (\$317) per month paid  
13 to a member whose service is not included in the federal system  
14 or in excess of five hundred thirteen dollars (\$513) for one whose  
15 service is included in the federal system.

16 (d) Peace officer/firefighter members shall be 11 percent of  
17 compensation in excess of eight hundred sixty-three dollars (\$863)  
18 for state employees who are excepted from the definition of “state  
19 employee” in subdivision (c) of Section 3513 and related to State  
20 Bargaining Unit 6.

21 (e) Peace officer/firefighter members shall be 11 percent of  
22 compensation in excess of five hundred thirteen dollars (\$513) for  
23 state employees who are excepted from the definition of “state  
24 employee” in subdivision (c) of Section 3513 and related to State  
25 Bargaining Unit 7.

26 *SEC. 10. Section 22871.3 of the Government Code is amended*  
27 *to read:*

28 22871.3. (a) The employer contribution for each annuitant  
29 enrolled in a basic plan shall be an amount equal to 80 percent of  
30 the weighted average of the health benefit plan premiums for an  
31 employee or annuitant enrolled for self-alone, during the benefit  
32 year to which the formula is applied, for the four health benefit  
33 plans that had the largest active state civil service enrollment,  
34 excluding family members, during the previous benefit year. For  
35 each annuitant with enrolled family members, the employer  
36 contribution shall be an amount equal to 80 percent of the weighted  
37 average of the additional premiums required for enrollment of  
38 those family members, during the benefit year to which the formula  
39 is applied, in the four health benefit plans that had the largest active

1 state civil service enrollment, excluding family members, during  
2 the previous benefit year.

3 (b) The employer contribution for each annuitant enrolled in a  
4 Medicare health benefit plan in accordance with Section 22844  
5 shall be an amount equal to 80 percent of the weighted average of  
6 the health benefit plan premiums for an annuitant enrolled in a  
7 Medicare health benefit plan for self-alone, during the benefit year  
8 to which the formula is applied, for the four Medicare health benefit  
9 plans that had the largest state annuitant enrollment, excluding  
10 family members, during the previous benefit year. For each  
11 annuitant with enrolled family members, the employer contribution  
12 shall be an amount equal to 80 percent of the weighted average of  
13 the additional premiums required for enrollment of those family  
14 members, during the benefit year to which the formula is applied,  
15 in the four Medicare health benefit plans that had the largest state  
16 annuitant enrollment, excluding family members, during the  
17 previous benefit year. If the annuitant is eligible for Medicare Part  
18 A, with or without cost, and Medicare Part B, regardless of whether  
19 the annuitant is actually enrolled in Medicare Part A or Part B, the  
20 employer contribution shall not exceed the amount calculated  
21 under this subdivision.

22 (c) This section applies to:

23 (1) A state employee who is first employed by the state and  
24 becomes a state member of the system on or after January 1, 2016,  
25 and who is represented by State Bargaining Unit 9 or 10.

26 (2) A state employee related to State Bargaining Unit 9 or 10  
27 who is excepted from the definition of “state employee” in  
28 subdivision (c) of Section 3513 and first employed by the state  
29 and becomes a state member of the system on or after January 1,  
30 2016.

31 (3) A state employee represented by State Bargaining Unit-6 2,  
32 6, or 12 who is first employed by the state and becomes a state  
33 member of the system on or after January 1, 2017.

34 (4) A state employee related to State Bargaining Unit-6 2, 6, or  
35 12 who is excepted from the definition of “state employee” in  
36 subdivision (c) of Section 3513 and first employed by the state  
37 and becomes a state member of the system on or after January 1,  
38 2017.

39 (5) A judicial branch employee who is first employed by the  
40 state and becomes a state member of the system on or after January

1, 2017. This paragraph does not apply to a judge who is subject to Chapter 11 (commencing with Section 75000) or Chapter 11.5 (commencing with Section 75500) of Title 8.

(d) If the provisions of this section are in conflict with the provisions of a memorandum of understanding reached pursuant to Section 3517.5 or Chapter 12 (commencing with Section 3560) of Division 4 of Title 1, the memorandum of understanding shall be controlling without further legislative action, except that if those provisions require the expenditure of funds, the provisions may not become effective unless approved by the Legislature.

*SEC. 10.5. Section 22871.3 of the Government Code is amended to read:*

22871.3. (a) The employer contribution for each annuitant enrolled in a basic plan shall be an amount equal to 80 percent of the weighted average of the health benefit plan premiums for an employee or annuitant enrolled for self-alone, during the benefit year to which the formula is applied, for the four health benefit plans that had the largest active state civil service enrollment, excluding family members, during the previous benefit year. For each annuitant with enrolled family members, the employer contribution shall be an amount equal to 80 percent of the weighted average of the additional premiums required for enrollment of those family members, during the benefit year to which the formula is applied, in the four health benefit plans that had the largest active state civil service enrollment, excluding family members, during the previous benefit year.

(b) The employer contribution for each annuitant enrolled in a Medicare health benefit plan in accordance with Section 22844 shall be an amount equal to 80 percent of the weighted average of the health benefit plan premiums for an annuitant enrolled in a Medicare health benefit plan for self-alone, during the benefit year to which the formula is applied, for the four Medicare health benefit plans that had the largest state annuitant enrollment, excluding family members, during the previous benefit year. For each annuitant with enrolled family members, the employer contribution shall be an amount equal to 80 percent of the weighted average of the additional premiums required for enrollment of those family members, during the benefit year to which the formula is applied, in the four Medicare health benefit plans that had the largest state annuitant enrollment, excluding family members, during the

1 previous benefit year. If the annuitant is eligible for Medicare Part  
2 A, with or without cost, and Medicare Part B, regardless of whether  
3 the annuitant is actually enrolled in Medicare Part A or Part B, the  
4 employer contribution shall not exceed the amount calculated  
5 under this subdivision.

6 (c) This section applies to:

7 (1) A state employee who is first employed by the state and  
8 becomes a state member of the system on or after January 1, 2016,  
9 and who is represented by State Bargaining Unit 9 or 10.

10 (2) A state employee related to State Bargaining Unit 9 or 10  
11 who is excepted from the definition of “state employee” in  
12 subdivision (c) of Section 3513 and first employed by the state  
13 and becomes a state member of the system on or after January 1,  
14 2016.

15 (3) A state employee represented by State Bargaining Unit ~~6~~ 2,  
16 6, 7, or 12 who is first employed by the state and becomes a state  
17 member of the system on or after January 1, 2017.

18 (4) A state employee related to State Bargaining Unit ~~6~~ 2, 6, 7,  
19 or 12 who is excepted from the definition of “state employee” in  
20 subdivision (c) of Section 3513 and first employed by the state  
21 and becomes a state member of the system on or after January 1,  
22 2017.

23 (5) A judicial branch employee who is first employed by the  
24 state and becomes a state member of the system on or after January  
25 1, 2017. This paragraph does not apply to a judge who is subject  
26 to Chapter 11 (commencing with Section 75000) or Chapter 11.5  
27 (commencing with Section 75500) of Title 8.

28 (d) If the provisions of this section are in conflict with the  
29 provisions of a memorandum of understanding reached pursuant  
30 to Section 3517.5 or Chapter 12 (commencing with Section 3560)  
31 of Division 4 of Title 1, the memorandum of understanding shall  
32 be controlling without further legislative action, except that if those  
33 provisions require the expenditure of funds, the provisions may  
34 not become effective unless approved by the Legislature.

35 *SEC. 11. Section 22874.3 of the Government Code is amended*  
36 *to read:*

37 22874.3. (a) Notwithstanding Sections 22870, 22871, 22873,  
38 and ~~22874~~ 22874, a state employee, defined by subdivision (c) of  
39 Section 3513, who is first employed by the state and becomes a  
40 state member of the system on or after January 1, 2017, and who



is represented by State Bargaining Unit-6, 2 or 6 shall not receive any portion of the employer contribution payable for annuitants unless the person is credited with 15 years of state service at the time of retirement.

(b) The percentage of the employer contribution payable for postretirement health benefits for an employee subject to this section shall be based on the completed years of credited state service at retirement as shown in the following table:

<del>Years of Service Contribution</del>	<del>Credited Years Percentage</del>
<del>Credited Years</del>	<del>of Employer Contribution</del>
<del>of Service</del>	<del>Percentage of Employer Contribution</del>
15.....	50
16.....	55
17.....	60
18.....	65
19.....	70
20.....	75
21.....	80
22.....	85
23.....	90
24.....	95
25 or more.....	100

(c) This section shall apply only to state employees that retire for service. For purposes of this section, “state service” means service rendered as an employee of the state or an appointed or elected officer of the state for compensation.

(d) This section does not apply to:

(1) Former state employees previously employed before January 1, 2017, who return to state employment on or after January 1, 2017.

(2) State employees hired prior to January 1, 2017, who become subject to representation by State Bargaining Unit 2 or 6 on or after January 1, 2017.

(3) State employees on an approved leave of absence employed before January 1, 2017, who return to active employment on or after January 1, 2017.

(4) State employees hired after January 1, 2017, who are first represented by a State Bargaining Unit other than Bargaining Unit 2 or 6, who later become represented by State Bargaining Unit 6.

(e) Notwithstanding Section 22875, this section shall also apply to a related state employee who is excepted from the definition of “state employee” in subdivision (c) of Section 3513 and is first employed by the state and becomes a state member of the system on or after January 1, 2017.

*SEC. 11.5. Section 22874.3 of the Government Code is amended to read:*

22874.3. (a) Notwithstanding Sections 22870, 22871, 22873, and ~~22874~~ 22874, a state employee, defined by subdivision (c) of Section 3513, who is first employed by the state and becomes a state member of the system on or after January 1, 2017, and who is represented by State Bargaining Unit ~~6~~, 2, 6, or 7 shall not receive any portion of the employer contribution payable for annuitants unless the person is credited with 15 years of state service at the time of retirement.

(b) The percentage of the employer contribution payable for postretirement health benefits for an employee subject to this section shall be based on the completed years of credited state service at retirement as shown in the following table:

<del>Years of Service Contribution</del>	<del>Credited Years Percentage</del>
<del>Credited Years</del>	<del>of Employer Contribution</del>
<del>of Service</del>	<del>Percentage of Employer Contribution</del>
15.....	50
16.....	55
17.....	60
18.....	65
19.....	70
20.....	75
21.....	80
22.....	85
23.....	90
24.....	95
25 or more.....	100

1 (c) This section shall apply only to state employees that retire  
2 for service. For purposes of this section, “state service” means  
3 service rendered as an employee of the state or an appointed or  
4 elected officer of the state for compensation.

5 (d) This section does not apply to:

6 (1) Former state employees previously employed before January  
7 1, 2017, who return to state employment on or after January 1,  
8 2017.

9 (2) State employees hired prior to January 1, 2017, who become  
10 subject to representation by State Bargaining Unit-~~6~~ 2, 6, or 7 on  
11 or after January 1, 2017.

12 (3) State employees on an approved leave of absence employed  
13 before January 1, 2017, who return to active employment on or  
14 after January 1, 2017.

15 (4) State employees hired after January 1, 2017, who are first  
16 represented by a State Bargaining Unit other than Bargaining Unit  
17 ~~6~~, 2, 6, or 7, who later become represented by State Bargaining  
18 Unit-~~6~~ 2, 6, or 7.

19 (e) Notwithstanding Section 22875, this section shall also apply  
20 to a related state employee who is excepted from the definition of  
21 “state employee” in subdivision (c) of Section 3513 and is first  
22 employed by the state and becomes a state member of the system  
23 on or after January 1, 2017.

24 *SEC. 12. Section 22879 of the Government Code is amended*  
25 *to read:*

26 22879. (a) The board shall pay monthly to an employee or  
27 annuitant who is enrolled in, or whose family member is enrolled  
28 in, a Medicare health benefit plan under this part the amount of  
29 the Medicare Part B premiums, exclusive of penalties, except as  
30 provided in Section 22831. This payment may not exceed the  
31 difference between the maximum employer contribution and the  
32 amount contributed by the employer toward the cost of premiums  
33 for the health benefit plan in which the employee or annuitant and  
34 his or her family members are enrolled. No payment may be made  
35 in any month if the difference is less than one dollar (\$1).

36 (b) This section shall be applicable only to state employees,  
37 annuitants who retired while state employees, and the family  
38 members of those persons.

39 (c) With respect to an annuitant, the board shall pay to the  
40 annuitant the amount required by this section from the same source

1 from which his or her allowance is paid. Those amounts are hereby  
2 appropriated monthly from the General Fund to reimburse the  
3 board for those payments.

4 (d) There is hereby appropriated from the appropriate funds the  
5 amounts required by this section to be paid to active state  
6 employees.

7 (e) This section does not apply to:

8 (1) A state employee who is first employed by the state and  
9 becomes a state member of the system on or after January 1, 2016,  
10 and who is represented by State Bargaining Unit 9 or 10.

11 (2) A state employee related to State Bargaining Unit 9 or 10  
12 who is excepted from the definition of “state employee” in  
13 subdivision (c) of Section 3513 and is first employed by the state  
14 and becomes a state member of the system on or after January 1,  
15 2016.

16 (3) A state employee who is first employed by the state and  
17 becomes a state member of the system on or after January 1, 2017,  
18 and who is represented by State Bargaining Unit 6 2, 6, or 12.

19 (4) A state employee related to State Bargaining Unit 6 2, 6, or  
20 12 who is excepted from the definition of “state employee” in  
21 subdivision (c) of Section 3513 and is first employed by the state  
22 and becomes a state member of the system on or after January 1,  
23 2017.

24 (5) A judicial branch employee who is first employed by the  
25 state and becomes a state member of the system on or after January  
26 1, 2017. This paragraph does not apply to a judge who is subject  
27 to Chapter 11 (commencing with Section 75000) or Chapter 11.5  
28 (commencing with Section 75500) of Title 8.

29 *SEC. 12.5. Section 22879 of the Government Code is amended*  
30 *to read:*

31 22879. (a) The board shall pay monthly to an employee or  
32 annuitant who is enrolled in, or whose family member is enrolled  
33 in, a Medicare health benefit plan under this part the amount of  
34 the Medicare Part B premiums, exclusive of penalties, except as  
35 provided in Section 22831. This payment may not exceed the  
36 difference between the maximum employer contribution and the  
37 amount contributed by the employer toward the cost of premiums  
38 for the health benefit plan in which the employee or annuitant and  
39 his or her family members are enrolled. No payment may be made  
40 in any month if the difference is less than one dollar (\$1).

1 (b) This section shall be applicable only to state employees,  
2 annuitants who retired while state employees, and the family  
3 members of those persons.

4 (c) With respect to an annuitant, the board shall pay to the  
5 annuitant the amount required by this section from the same source  
6 from which his or her allowance is paid. Those amounts are hereby  
7 appropriated monthly from the General Fund to reimburse the  
8 board for those payments.

9 (d) There is hereby appropriated from the appropriate funds the  
10 amounts required by this section to be paid to active state  
11 employees.

12 (e) This section does not apply to:

13 (1) A state employee who is first employed by the state and  
14 becomes a state member of the system on or after January 1, 2016,  
15 and who is represented by State Bargaining Unit 9 or 10.

16 (2) A state employee related to State Bargaining Unit 9 or 10  
17 who is excepted from the definition of “state employee” in  
18 subdivision (c) of Section 3513 and is first employed by the state  
19 and becomes a state member of the system on or after January 1,  
20 2016.

21 (3) A state employee who is first employed by the state and  
22 becomes a state member of the system on or after January 1, 2017,  
23 and who is represented by State Bargaining Unit 2, 6, 7, or 12.

24 (4) A state employee related to State Bargaining Unit 2, 6, 7,  
25 or 12 who is excepted from the definition of “state employee” in  
26 subdivision (c) of Section 3513 and is first employed by the state  
27 and becomes a state member of the system on or after January 1,  
28 2017.

29 (5) A judicial branch employee who is first employed by the  
30 state and becomes a state member of the system on or after January  
31 1, 2017. This paragraph does not apply to a judge who is subject  
32 to Chapter 11 (commencing with Section 75000) or Chapter 11.5  
33 (commencing with Section 75500) of Title 8.

34 *SEC. 13. Section 22944.5 of the Government Code is amended*  
35 *to read:*

36 22944.5. (a) (1) The state and employees in State Bargaining  
37 Unit 2, 9, 10, or 12 shall prefund retiree health care, with the goal  
38 of reaching a 50-percent cost sharing of actuarially determined  
39 normal costs for both employer and employees by July 1, 2019.

(2) The state and employees in State Bargaining Unit 6 shall prefund retiree health care, with the goal of reaching a 50-percent cost sharing of actuarially determined normal costs for both employer and employees by July 1, 2018.

(3) The state and employees in the judicial branch shall prefund retiree health care, with the goal of reaching a 50-percent cost sharing of actuarially determined normal costs for both employer and employees by July 1, 2017.

(b) (1) The employees in State Bargaining Unit 9 shall make contributions to prefund retiree health care based on the following schedule, and the state shall make a matching contribution:

(A) Effective July 1, 2017, 0.5 percent of pensionable compensation.

(B) Effective July 1, 2018, an additional 0.5 percent for a total employee contribution of 1.0 percent of pensionable compensation.

(C) Effective July 1, 2019, an additional 1.0 percent for a total employee contribution of 2.0 percent of pensionable compensation.

(2) The employees in State Bargaining Unit 10 shall make contributions to prefund retiree health care based on the following schedule, and the state shall make a matching contribution:

(A) Effective July 1, 2017, 0.7 percent of pensionable compensation.

(B) Effective July 1, 2018, an additional 0.7 percent for a total employee contribution of 1.4 percent of pensionable compensation.

(C) Effective July 1, 2019, an additional 1.4 percent for a total employee contribution of 2.8 percent of pensionable compensation.

(3) The employees in State Bargaining Unit 6 shall make contributions to prefund retiree health care based on the following schedule, and the state shall make a matching contribution:

(A) Effective July 1, 2016, 1.3 percent of pensionable compensation.

(B) Effective July 1, 2017, an additional 1.3 percent for a total employee contribution of 2.6 percent of pensionable compensation.

(C) Effective July 1, 2018, an additional 1.4 percent for a total employee contribution of 4.0 percent of pensionable compensation.

(4) The state employees in the judicial branch shall make contributions to prefund retiree health care based on the following schedule, and the state shall make a matching contribution:

(A) Effective July 1, 2016, 1.5 percent of pensionable compensation.

1 (B) Effective July 1, 2017, up to an additional 1.5 percent for  
2 a total employee contribution of up to 3.0 percent of pensionable  
3 compensation. The additional amount shall be determined by the  
4 Director of Finance no later than April 1, 2017, based on the  
5 actuarially determined normal costs identified in the state valuation.

6 (C) This paragraph does not apply to a judge who is subject to  
7 Chapter 11 (commencing with Section 75000) or Chapter 11.5  
8 (commencing with Section 75500) of Title 8.

9 (5) The employees in State Bargaining Unit 12 shall make  
10 contributions to prefund retiree health care based on the following  
11 schedule, and the state shall make a matching contribution:

12 (A) Effective July 1, 2017, 1.9 percent of pensionable  
13 compensation.

14 (B) Effective July 1, 2018, an additional 1.4 percent for a total  
15 employee contribution of 3.3 percent of pensionable compensation.

16 (C) Effective July 1, 2019, an additional 1.3 percent for a total  
17 employee contribution of 4.6 percent of pensionable compensation.

18 *(6) The employees in State Bargaining Unit 2 shall make*  
19 *contributions to prefund retiree health care based on the following*  
20 *schedule, and the state shall make a matching contribution:*

21 *(A) Effective July 1, 2017, 0.7 percent of pensionable*  
22 *compensation.*

23 *(B) Effective July 1, 2018, an additional 0.6 percent for a total*  
24 *employee contribution of 1.3 percent of pensionable compensation.*

25 *(C) Effective July 1, 2019, an additional 0.7 percent for a total*  
26 *employee contribution of 2.0 percent of pensionable compensation.*

27 (c) This section only applies to employees who are eligible for  
28 health benefits, including permanent intermittent employees.

29 (d) Contributions paid pursuant to this section shall be deposited  
30 in the Annuitants' Health Care Coverage Fund and shall not be  
31 refundable under any circumstances to an employee or his or her  
32 beneficiary or survivor.

33 (e) If the provisions of this section are in conflict with the  
34 provisions of a memorandum of understanding reached pursuant  
35 to Section 3517.5, the memorandum of understanding shall be  
36 controlling without further legislative action, except that if those  
37 provisions of a memorandum of understanding require the  
38 expenditure of funds, the provisions shall not become effective  
39 unless approved by the Legislature in the annual Budget Act.

(f) This section shall also apply to a state employee related to a bargaining unit described in subdivision (a) who is excepted from the definition of “state employee” in subdivision (c) of Section 3513.

*SEC. 13.5. Section 22944.5 of the Government Code is amended to read:*

22944.5. (a) (1) The state and employees in State Bargaining Unit 2, 7, 9, 10, or 12 shall prefund retiree health care, with the goal of reaching a 50-percent cost sharing of actuarially determined normal costs for both employer and employees by July 1, 2019.

(2) The state and employees in State Bargaining Unit 6 shall prefund retiree health care, with the goal of reaching a 50-percent cost sharing of actuarially determined normal costs for both employer and employees by July 1, 2018.

(3) The state and employees in the judicial branch shall prefund retiree health care, with the goal of reaching a 50-percent cost sharing of actuarially determined normal costs for both employer and employees by July 1, 2017.

(b) (1) The employees in State Bargaining Unit 9 shall make contributions to prefund retiree health care based on the following schedule, and the state shall make a matching contribution:

(A) Effective July 1, 2017, 0.5 percent of pensionable compensation.

(B) Effective July 1, 2018, an additional 0.5 percent for a total employee contribution of 1.0 percent of pensionable compensation.

(C) Effective July 1, 2019, an additional 1.0 percent for a total employee contribution of 2.0 percent of pensionable compensation.

(2) The employees in State Bargaining Unit 10 shall make contributions to prefund retiree health care based on the following schedule, and the state shall make a matching contribution:

(A) Effective July 1, 2017, 0.7 percent of pensionable compensation.

(B) Effective July 1, 2018, an additional 0.7 percent for a total employee contribution of 1.4 percent of pensionable compensation.

(C) Effective July 1, 2019, an additional 1.4 percent for a total employee contribution of 2.8 percent of pensionable compensation.

(3) The employees in State Bargaining Unit 6 shall make contributions to prefund retiree health care based on the following schedule, and the state shall make a matching contribution:



1 (A) Effective July 1, 2016, 1.3 percent of pensionable  
2 compensation.

3 (B) Effective July 1, 2017, an additional 1.3 percent for a total  
4 employee contribution of 2.6 percent of pensionable compensation.

5 (C) Effective July 1, 2018, an additional 1.4 percent for a total  
6 employee contribution of 4.0 percent of pensionable compensation.

7 (4) The state employees in the judicial branch shall make  
8 contributions to prefund retiree health care based on the following  
9 schedule, and the state shall make a matching contribution:

10 (A) Effective July 1, 2016, 1.5 percent of pensionable  
11 compensation.

12 (B) Effective July 1, 2017, up to an additional 1.5 percent for  
13 a total employee contribution of up to 3.0 percent of pensionable  
14 compensation. The additional amount shall be determined by the  
15 Director of Finance no later than April 1, 2017, based on the  
16 actuarially determined normal costs identified in the state valuation.

17 (C) This paragraph does not apply to a judge who is subject to  
18 Chapter 11 (commencing with Section 75000) or Chapter 11.5  
19 (commencing with Section 75500) of Title 8.

20 (5) The employees in State Bargaining Unit 12 shall make  
21 contributions to prefund retiree health care based on the following  
22 schedule, and the state shall make a matching contribution:

23 (A) Effective July 1, 2017, 1.9 percent of pensionable  
24 compensation.

25 (B) Effective July 1, 2018, an additional 1.4 percent for a total  
26 employee contribution of 3.3 percent of pensionable compensation.

27 (C) Effective July 1, 2019, an additional 1.3 percent for a total  
28 employee contribution of 4.6 percent of pensionable compensation.

29 (6) *The employees in State Bargaining Unit 2 shall make*  
30 *contributions to prefund retiree health care based on the following*  
31 *schedule, and the state shall make a matching contribution:*

32 (A) *Effective July 1, 2017, 0.7 percent of pensionable*  
33 *compensation.*

34 (B) *Effective July 1, 2018, an additional 0.6 percent for a total*  
35 *employee contribution of 1.3 percent of pensionable compensation.*

36 (C) *Effective July 1, 2019, an additional 0.7 percent for a total*  
37 *employee contribution of 2.0 percent of pensionable compensation.*

38 (7) *The employees in State Bargaining Unit 7 shall make*  
39 *contributions to prefund retiree health care based on the following*  
40 *schedule, and the state shall make a matching contribution:*

1 (A) Effective July 1, 2017, 1.3 percent of pensionable  
2 compensation.

3 (B) Effective July 1, 2018, an additional 1.4 percent for a total  
4 employee contribution of 2.7 percent of pensionable compensation.

5 (C) Effective July 1, 2019, an additional 1.3 percent for a total  
6 employee contribution of 4.0 percent of pensionable compensation.

7 (c) This section only applies to employees who are eligible for  
8 health benefits, including permanent intermittent employees.

9 (d) Contributions paid pursuant to this section shall be deposited  
10 in the Annuitants' Health Care Coverage Fund and shall not be  
11 refundable under any circumstances to an employee or his or her  
12 beneficiary or survivor.

13 (e) If the provisions of this section are in conflict with the  
14 provisions of a memorandum of understanding reached pursuant  
15 to Section 3517.5, the memorandum of understanding shall be  
16 controlling without further legislative action, except that if those  
17 provisions of a memorandum of understanding require the  
18 expenditure of funds, the provisions shall not become effective  
19 unless approved by the Legislature in the annual Budget Act.

20 (f) This section shall also apply to a state employee related to  
21 a bargaining unit described in subdivision (a) who is excepted  
22 from the definition of "state employee" in subdivision (c) of  
23 Section 3513.

24 *SEC. 14. Section 22958.1 of the Government Code is amended*  
25 *to read:*

26 22958.1. (a) Notwithstanding Sections 22953, 22957, and  
27 22958, the following employees shall not receive any portion of  
28 the employer contribution payable for annuitants unless the person  
29 is credited with 15 or more years of state service, as defined by  
30 this section, at the time of retirement:

31 (1) A state employee, as defined by subdivision (c) of Section  
32 3513, who is first employed by the state and becomes a state  
33 member of the system on or after January 1, 2017, and is  
34 represented by State Bargaining Unit-6 2, 6, or 12.

35 (2) A state employee related to State Bargaining Unit-6 2, 6, or  
36 12 who is excepted from the definition of "state employee" in  
37 subdivision (c) of Section 3513 and is first employed by the state  
38 and becomes a state member of the system on or after January 1,  
39 2017.

(b) The percentage of the employer contribution payable for postretirement dental care benefits for an employee subject to this section shall be based on the funding provision of the plan and the completed years of credited state service at retirement as shown in the following table:

Credited Years of Service	Percentage of Employer Contribution
15.....	50
16.....	55
17.....	60
18.....	65
19.....	70
20.....	75
21.....	80
22.....	85
23.....	90
24.....	95
25 or more.....	100

(c) This section shall apply only to state employees that retire for service. For purposes of this section, “state service” means service rendered as an employee of the state or an appointed or elected officer of the state for compensation.

(d) This section does not apply to:

(1) Former state employees previously employed prior to January 1, 2017, who return to state employment on or after January 1, 2017.

(2) State employees hired prior to January 1, 2017, who become subject to representation by State Bargaining Unit-6 2, 6, or 12 on or after January 1, 2017.

(3) State employees on an approved leave of absence employed before January 1, 2017, who return to active employment on or after January 1, 2017.

(4) State employees hired after January 1, 2017, who are first represented by a State Bargaining Unit other than Bargaining Unit 6 2, 6, or 12, who later become represented by State Bargaining Unit-6 2, 6, or 12.

(e) In those cases where the state has assumed from a public agency a function and the related personnel, service rendered by

that personnel for compensation as employees or appointed or elected officers of that public agency may not be credited as state service for the purposes of this section unless the former employer has paid or agreed to pay the state the amount actuarially determined to equal the cost for any employee dental benefits that were vested at the time that the function and the related personnel were assumed by the state, and the Department of Finance finds that the contract contains a benefit factor sufficient to reimburse the state for the amount necessary to fully compensate for the postretirement dental benefit costs of those personnel. For noncontracting public agencies, the state agency that has assumed the function shall certify the completed years of public agency service to be credited to the employee as state service credit under this section.

*SEC. 14.5. Section 22958.1 of the Government Code is amended to read:*

22958.1. (a) Notwithstanding Sections 22953, 22957, and 22958, the following employees shall not receive any portion of the employer contribution payable for annuitants unless the person is credited with 15 or more years of state service, as defined by this section, at the time of retirement:

(1) A state employee, as defined by subdivision (c) of Section 3513, who is first employed by the state and becomes a state member of the system on or after January 1, 2017, and is represented by State Bargaining Unit-6 2, 6, 7, or 12.

(2) A state employee related to State Bargaining Unit-6 2, 6, 7, or 12 who is excepted from the definition of “state employee” in subdivision (c) of Section 3513 and is first employed by the state and becomes a state member of the system on or after January 1, 2017.

(b) The percentage of the employer contribution payable for postretirement dental care benefits for an employee subject to this section shall be based on the funding provision of the plan and the completed years of credited state service at retirement as shown in the following table:

Credited Years of Service	Percentage of Employer Contribution
15.....	50
16.....	55

1	17.....	60
2	18.....	65
3	19.....	70
4	20.....	75
5	21.....	80
6	22.....	85
7	23.....	90
8	24.....	95
9	25 or more.....	100

10

11 (c) This section shall apply only to state employees that retire  
 12 for service. For purposes of this section, “state service” means  
 13 service rendered as an employee of the state or an appointed or  
 14 elected officer of the state for compensation.

15 (d) This section does not apply to:

16 (1) Former state employees previously employed prior to  
 17 January 1, 2017, who return to state employment on or after  
 18 January 1, 2017.

19 (2) State employees hired prior to January 1, 2017, who become  
 20 subject to representation by State Bargaining Unit-6 2, 6, 7, or 12  
 21 on or after January 1, 2017.

22 (3) State employees on an approved leave of absence employed  
 23 before January 1, 2017, who return to active employment on or  
 24 after January 1, 2017.

25 (4) State employees hired after January 1, 2017, who are first  
 26 represented by a State Bargaining Unit other than Bargaining Unit  
 27 6 2, 6, 7, or 12, who later become represented by State Bargaining  
 28 Unit-6 2, 6, 7, or 12.

29 (e) In those cases where the state has assumed from a public  
 30 agency a function and the related personnel, service rendered by  
 31 that personnel for compensation as employees or appointed or  
 32 elected officers of that public agency may not be credited as state  
 33 service for the purposes of this section unless the former employer  
 34 has paid or agreed to pay the state the amount actuarially  
 35 determined to equal the cost for any employee dental benefits that  
 36 were vested at the time that the function and the related personnel  
 37 were assumed by the state, and the Department of Finance finds  
 38 that the contract contains a benefit factor sufficient to reimburse  
 39 the state for the amount necessary to fully compensate for the  
 40 postretirement dental benefit costs of those personnel. For

1 noncontracting public agencies, the state agency that has assumed  
2 the function shall certify the completed years of public agency  
3 service to be credited to the employee as state service credit under  
4 this section.

5 *SEC. 15. Section 6.5 of this bill incorporates amendments to*  
6 *Section 19829.9845 of the Government Code proposed by this bill*  
7 *and Assembly Bill 1627. It shall only become operative if (1) both*  
8 *bills are enacted and become effective on or before January 1,*  
9 *2017, (2) each bill amends Section 19829.9845 of the Government*  
10 *Code, and (3) this bill is enacted after Assembly Bill 1627, in which*  
11 *case Section 19829.9845 of the Government Code, as amended by*  
12 *Assembly Bill 1627, shall remain operative only until the operative*  
13 *date of this bill, at which time Section 6.5 of this bill shall become*  
14 *operative, and Section 6 of this bill shall not become operative.*

15 *SEC. 16. Section 7.5 of this bill incorporates amendments to*  
16 *Section 19829.9846 of the Government Code proposed by this bill*  
17 *and Assembly Bill 1627. It shall only become operative if (1) both*  
18 *bills are enacted and become effective on or before January 1,*  
19 *2017, (2) each bill amends Section 19829.9846 of the Government*  
20 *Code, and (3) this bill is enacted after Assembly Bill 1627, in which*  
21 *case Section 19829.9846 of the Government Code, as amended by*  
22 *Assembly Bill 1627, shall remain operative only until the operative*  
23 *date of this bill, at which time Section 7.5 of this bill shall become*  
24 *operative, and Section 7 of this bill shall not become operative.*

25 *SEC. 17. Section 10.5 of this bill incorporates amendments to*  
26 *Section 22871.3 of the Government Code proposed by this bill and*  
27 *Assembly Bill 1627. It shall only become operative if (1) both bills*  
28 *are enacted and become effective on or before January 1, 2017,*  
29 *(2) each bill amends Section 22871.3 of the Government Code,*  
30 *and (3) this bill is enacted after Assembly Bill 1627, in which case*  
31 *Section 22871.3 of the Government Code, as amended by Assembly*  
32 *Bill 1627, shall remain operative only until the operative date of*  
33 *this bill, at which time Section 10.5 of this bill shall become*  
34 *operative, and Section 10 of this bill shall not become operative.*

35 *SEC. 18. Section 11.5 of this bill incorporates amendments to*  
36 *Section 22874.3 of the Government Code proposed by this bill and*  
37 *Assembly Bill 1627. It shall only become operative if (1) both bills*  
38 *are enacted and become effective on or before January 1, 2017,*  
39 *(2) each bill amends Section 22874.3 of the Government Code,*  
40 *and (3) this bill is enacted after Assembly Bill 1627, in which case*

1 *Section 22874.3 of the Government Code, as amended by Assembly*  
2 *Bill 1627, shall remain operative only until the operative date of*  
3 *this bill, at which time Section 11.5 of this bill shall become*  
4 *operative, and Section 11 of this bill shall not become operative.*

5 *SEC. 19. Section 12.5 of this bill incorporates amendments to*  
6 *Section 22879 of the Government Code proposed by this bill and*  
7 *Assembly Bill 1627. It shall only become operative if (1) both bills*  
8 *are enacted and become effective on or before January 1, 2017,*  
9 *(2) each bill amends Section 22879 of the Government Code, and*  
10 *(3) this bill is enacted after Assembly Bill 1627, in which case*  
11 *Section 22879 of the Government Code, as amended by Assembly*  
12 *Bill 1627, shall remain operative only until the operative date of*  
13 *this bill, at which time Section 12.5 of this bill shall become*  
14 *operative, and Section 12 of this bill shall not become operative.*

15 *SEC. 20. Section 13.5 of this bill incorporates amendments to*  
16 *Section 22944.5 of the Government Code proposed by this bill and*  
17 *Assembly Bill 1627. It shall only become operative if (1) both bills*  
18 *are enacted and become effective on or before January 1, 2017,*  
19 *(2) each bill amends Section 22944.5 of the Government Code,*  
20 *and (3) this bill is enacted after Assembly Bill 1627, in which case*  
21 *Section 22944.5 of the Government Code, as amended by Assembly*  
22 *Bill 1627, shall remain operative only until the operative date of*  
23 *this bill, at which time Section 13.5 of this bill shall become*  
24 *operative, and Section 13 of this bill shall not become operative.*

25 *SEC. 21. Section 14.5 of this bill incorporates amendments to*  
26 *Section 22958.1 of the Government Code proposed by this bill and*  
27 *Assembly Bill 1627. It shall only become operative if (1) both bills*  
28 *are enacted and become effective on or before January 1, 2017,*  
29 *(2) each bill amends Section 22958.1 of the Government Code,*  
30 *and (3) this bill is enacted after Assembly Bill 1627, in which case*  
31 *Section 22958.1 of the Government Code, as amended by Assembly*  
32 *Bill 1627, shall remain operative only until the operative date of*  
33 *this bill, at which time Section 14.5 of this bill shall become*  
34 *operative, and Section 14 of this bill shall not become operative.*

35 *SEC. 22. This act is a bill providing for appropriations related*  
36 *to the Budget Bill within the meaning of subdivision (e) of Section*  
37 *12 of Article IV of the California Constitution, has been identified*  
38 *as related to the budget in the Budget Bill, and shall take effect*  
39 *immediately.*

1     SECTION 1. ~~It is the intent of the Legislature to enact statutory~~  
2     ~~changes relating to the 2016 Budget Act.~~

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